

Issue Brief: Legislative Update ~ Midpoint



A Joint Select Committee on Pensions was formed in the first days of the 2013 session and the 12 members met to hear 19 bills designed to address issues with and related to pensions for Montana public employees. Each of the bills can be found on the mt.gov website in addition to minutes and recorded archives of each hearing.

During the 2013 Legislative Session, TRS goals are to support legislation that will address the following issues:

- ◇ Provide **funding** toward current shortfall
- ◇ Increase **contributions** from employee and employers
- ◇ Modify **plan design** for new hires and to accommodate changing financial climate
- ◇ Protect **GABA** for current and future retirees
- ◇ Fulfill requirement of Montana Constitution to **amortize** over 30 years

The chart below shows how the proposed bills that have been heard by the Joint Pension Committee meet our requirements:

	Funding	Contributions	Plan Design	GABA	Amortization
TRS Bills					
HB 90: University System Employer Rate Increase	Yes	Yes	n/a	n/a	82
HB 112: Fund TRS and design new plan for future hires	Yes	Yes	Yes	Yes	37 ¹
TRS Supported					
HB 167: professional retirement option for future hires	n/a	Yes	Yes	n/a	Infinite
HB 377: Fund TRS and design new plan for future hires	Yes	Yes	Yes	Yes	45
HB 382: apply portion of coal severance tax to TRS shortfall	Yes	n/a	n/a	n/a	88
TRS Opposed					
HB 338 ~ Keith Regier	Yes	Yes	Yes	No ²	40
SB 333 ~ Ron Arthun	n/a	n/a	Yes	No ³	Infinite
¹ Amortization of HB 90 and HB 112 combined is 31 years ² Terminates GABA for current and new employees ³ Does not provide GABA for new employees					

In combination, *HB 90* and *HB 112* (or *HB 377*) are the most effective in decreasing the current shortfall and, excepting *SB 333*, are the least costly to taxpayers. *HB 333* does not address the current shortfall and will move all new employees to a cash balance plan which will decrease benefits significantly for future retirees. *HB 338* will move all new employees to a defined contribution saving plan that offers reduced benefits and less financial security for members.

The following page is a brief summary of the status of the bills that are most significant to members of the Teachers' Retirement system.

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TRS Bills

HB 54: Pat Ingraham
Revise TRS administrative and tax qualification laws. Hearing in the Senate State Administrative Committee on March 6.

HB 78: Keith Regier
Clarify break in service requirements for post retirement employment under TRS. Transmitted to Senate and referred to Senate State Administrative Committee on February 11 ~ no action since.

HB 90: Jesse O'Hara
Increase university system supplemental contributions rate to TRS. Hearing in Joint Selection Committee on Pensions on January 24 ~ no action since.

HB 112: Jean Price
Improve actuarial funding for TRS. Hearing in Joint Selection Committee on Pensions on January 24 ~ no action since.

Bills Supported by TRS

HB 167: Bryce Bennett
Generally revise TRS. Hearing in Joint Selection Committee on Pensions on February 5 ~ no action since. Creates new plan with 2% multiplier after 30 years for new members.

HB 253: Bill McChesney
Increase contributions to the university system's ORP. Hearing in Joint Selection Committee on Pensions on February 5 ~ no action since.

HB 320: Bryce Bennett
Change name of Optional Retirement System. Transmitted to Senate and referred to Senate Public Health, Welfare and Safety Committee on Feb 26 ~ no action since.

HB 377: Tom Woods
Provide funding for TRS defined benefit plan. Hearing in Joint Selection Committee on Pensions on February 19 ~ no action since. This is Governor Bullock's plan for TRS.

HB 382: Liz Bangerter
Provide coal tax funding for actuarially unsound retirement systems. Hearing in Joint Selection Committee on Pensions on February 14 ~ no action since.

Bills Opposed by TRS

HB 329: Randy Brodehl
Prohibit state employees from being lobbyists. Referred to Senate State Administration Committee on March 7. This bill prohibits state employees from lobbying in an official capacity on behalf of their agency except for informational testimony on policy matters.

HB 338: Keith Regier
Provide funding for pension debts, all new hires to DC plan. Hearing in Joint Selection Committee on Pensions on February 21 ~ no action since. This bill closes all defined benefit public pension plans to new members and open a DC plan. It also terminates all GABA adjustments.

SB 333: Ron Arthun
Establish cash balance benefit tier in TRS and PERS for new hires. Hearing in Joint Selection Committee on Pensions on March 5.

SB 353: Edward Walker
Establish qualifications for PERS and TRS Boards. Did not pass second reading on Senate floor and was indefinitely postponed.

HB 532: Roy Hollandsworth
Revise income tax using a flat tax rate and a tie to federal taxable income. Referred to House Taxation committee on February 18 ~ no action since.